

Memo To Milpitas Economic Development Commission

From Chamber Office Task Force Chairman

The Milpitas Chamber of Commerce has served this community many years by being an advocate for small business and distributing information on local business opportunities. The Chamber is typically one of the first to contact new business and to welcome them to our community. From an economic development standpoint, the Chamber performs a valuable service with very little financial support from the City or other governmental agencies. The Chamber is currently located at the Milpitas Town Center and is being evicted in April in order for the owner to demolish the building for redevelopment.

The major challenge for the Chamber has been to develop adequate funding stream that would allow them to purchase a permanent home. The attached letter from the Executive Manager describes the Chamber activities and needs in great detail. The purpose of the Chamber Office Task Force is to provide detailed input to the Milpitas EDC to assist the Chamber in finding a permanent home as well as resolving their immediate temporary need to relocate. The two major requirements for both options are 1) the cost to the Chamber must be minimal, and 2) the facility must be easily accessible to the public.

The ideal location for Chamber activities would be in a shopping center on in a retail district; Main Street has been specifically mentioned as an ideal location. The advantage of Main Street is the close proximity to many small businesses with the potential for very good access. Future development should present many opportunities if the financial challenges can be overcome. Currently, there are suitable lease spaces available but rents are over \$1 per square foot. There are free-standing buildings that become available for sale from time to time if the Chamber could afford the purchase price of \$400,000 minimum.

There seems to be three options for the Chamber. First, occupy surplus property that would rent at discounted rents. Second, receive outside financial assistance in order to afford a quality location. Third, to occupy a city-owned facility with subsidized rents. The first option is now available due to the current economic conditions which are likely to change in the future. The second option would probably not be practical without stressing the City's general fund. The third option could be practical but would require several years of planning.

Please review the accompanying report from the Task Force that summarizes our findings.

2/14/05

MEMORANDUM

Office of City Manager



To: City Council and Economic Development Commission (EDC)

From: Don Peoples (Chair), Dhaval Brahmabhatt, Frank De Smidt, Dr. Karl Black, Diane McDonough and Gaye Morando

Subject: Chamber of Commerce Location Task Force Status Report

Date: March 8, 2005

Task Force Purpose

Identify alternatives to meet the Milpitas Chamber of Commerce's office space needs in the short term and long term.

Deadline To Move Chamber Office

No specific deadline established but likely by end of calendar year.

Location Requirements

- Current location – 1,600 square feet at \$800/month
- Short term – 1,100 square feet, budget not specified, visible location & accessible to public
- Long term – 2,500 square feet, budget not specified, visible location & accessible to public, Midtown area preferred
- Space at the Great Mall is not appropriate because it is not visible and hard to locate.
- See Attachment A for detail on Chamber's location needs

Alternatives

<i>Short Term,</i>	
1. Privately owned	<ul style="list-style-type: none">• 1280 Piper Dr. – no rent but pro-rata cost for landscaping upkeep• 81 S. Main St. – 1,190 sq. ft., \$3,300/mo. (Olinger Plaza)• Abbott Ave. – Roundtable Pizza space may become available• Serra Center• Victorian Center• 308-330 S. Main St. @ Serra – 700 sq. ft., 2nd floor, \$1/sq. ft. though it is negotiable• 1423 S. Milpitas Blvd., temporary - 22 months only, below market rate• Jacklin/Hillview office building latest alternative to arise•

2. School district property	<ul style="list-style-type: none"> • Portable building can be provided by school district through the end of summer. 940 sq. feet. • Sinnott Elementary or Russell Middles are best sites. • Public access to Chamber office is needed. Perhaps can be accomplished with fencing.
3. City property	<ul style="list-style-type: none"> • No available temporary locations were identified
<i>Long Term</i>	
A. Midtown location	<ul style="list-style-type: none"> • First floor retail space of west parking garage project

City Assistance in Other Communities

- None of the twelve surveyed communities provide office space for their Chamber of Commerce.
- Two provide funding assistance (Campbell and Los Gatos) specifically for office space. San Jose provides an indirect rent subsidy through the Entrepreneur Center for some ethnic Chambers of Commerce. Mountain View provides a below-market land lease.
- Most of the cities contract with their Chambers for specific services such as a visitor's bureau.
- See Attachment B for detail.

Economic Development Commission

- Draft report and Chairman memo reviewed with no action on February 14.
- See Attachment C for meeting minutes.

Next Steps

- Economic Development Commission review, March 14
- City Council review, March 15

Attachments:

- A. 2/1/05 letter from Chamber outlining location needs
- B. Survey of other cities
- C. EDC minutes – 2/14/05

February 1, 2005

Mr. Donald R. Peoples, S.E.
Peoples Associates Structural Engineers
529 South Main Street
Milpitas, CA 95035

Subject: Chamber Office Task Force

Dear Don:

The Board of Directors and staff have been pleased with the Milpitas Chamber's present location at 138 N. Milpitas Boulevard, but Shapell Industries have major plans for the center, so the Chamber must relocate due to this expansion. Although we don't have a timeline to date, we anticipate a definite notification to move early this spring.

After a review of the chamber's relocation history, it's quite evident the Milpitas Chamber has been forced to be flexible regarding their office accommodations. From a small kiosk in a center with one desk, a small corner space in a real estate office, to the present location with 1,600 S.F., the chamber has moved over twelve (12) times that I can surmise. This is a non-productive waste of time for the staff and Board, a drain on the finances, and extremely confusing for the members, residents, business leaders or visitors to the City of Milpitas. Imagine the updates to the myriad of publications, directories, and databases worldwide. Yes, we're in a global economy, so the Milpitas Chamber of Commerce is listed everywhere.

What are the needs of the Milpitas Chamber of Commerce? The ultimate desire would be in a location that is affordable, accessible, and visible, so the chamber could function effectively. People will find the chamber wherever the location is in Milpitas, since the chamber is often a destination, but it's certainly better to be accessible and visible, especially for the residents, and business community as a whole. For this short-term move, the chamber needs to be flexible one more time, since we can't afford the real estate market rates.

For the short-term move, the Milpitas Chamber will require the following:

1. An office that is approximate 1,100 S.F. to accommodate (4) computer work-stations.
2. Space for (3) desks
3. Space for (6) file cabinets for current day-to-day work, or necessary files for program referral. Other information could be stored off-site, purged, or shredded.
4. Copier, fax machine, postage machine work area.
5. Wall space for bookcases for member's display, publications, VTA brochures, visitor's bureau material/restaurants/lodging info, maps, directories, and other resource material.
6. Small area for coffee/micro/refrigerator
7. Small assembly area, work area, or space where SCORE Counselors might meet for their business counseling sessions.
8. Room for cabinet to store necessary paper products, envelopes, letterhead, etc.

Permanent Home for the Milpitas Chamber:

The Milpitas Chamber should seek a permanent home that is affordable, accessible, and visible. The chamber is the "Front Door" of the community and the welcome mat is always out. This is why the Milpitas Chamber should be accessible and visible to accommodate the needs of the thousands of visitors to the chamber office. The Mid-Town Plan will provide services for the pedestrian shopper, so this area

would be ideal for the chamber's location. The chamber's permanent home should function as a multi-resource center-commerce center, educational center, small area for counseling, seminars, expanded resource center, visitor's bureau with docents volunteering on weekends with limited hours only. The chamber would have space for a mini-museum to depict the history of the City of Milpitas. There would be an area to purchase souvenirs, post cards, buttons, cups, etc., plus history books, and material from the Milpitas Historical Society. The chamber would have available discounted coupons from restaurants for the weekend visitors as they do during normal chamber working hours, or 9:00 a.m. to 5:00 p.m. Monday through Friday.

The following needs for a permanent home would be desirable for the chamber:

1. 2,500 S.F. or more space to accommodate a multi-resource center.
2. A chamber work area to accommodate a staff of (3) with a separate office for the chamber executive.
3. A small conference room for Board Meeting, service organizations or Milpitas Historical Society to use for meetings without a charge. This room could also accommodate a small seminar or SCORE Counseling through SBA. This room should not serve as a storage area, but always exude a image that is professional.
4. Reception area should be large enough to accommodate a waiting area for two chairs, and small table plus marketing resource material, chamber business cards, material, maps, directories, visitor's bureau material, VTA brochures, etc.
4. Mini-museum area, display case with available souvenirs, publications for sale. Items that would market Milpitas. Items could be on consignment from the City, Milpitas Historical Society or other service organization, and available for "Sale" because of the foot traffic to the chamber. The chamber should have ample wall space for pictures to reflect the history of Milpitas. This space would be to enhance not duplicate what would be available in the Milpitas Library.
5. A storage area to accommodate the needs for books, items on consignment or Milpitas souvenir items. Since the chamber has an active calendar of events...i.e. trade shows, seminars, and major events, it is necessary to have supplies on hand to work these events. We recycle, because we have limited monies to spend on supplies, and the costs escalate each year. Our off-site storage at this time accommodates tables and chairs that have helped our organization and other groups with their needs.

After a discussion with a commercial broker that has worked in Milpitas for many years, I find that rates for a smaller spaces are at a premium, and not negotiable, since they're easier to lease than large industrial properties. When you deduct the utility costs for a full-service location, the rates remain too costly for a non-profit chamber to afford. The available spaces aren't ideal shopping center locations, but are upstairs in a two-story building with limited parking or in hidden office buildings that are suitable for medical practices, not a chamber of commerce. The larger industrial facilities are negotiable at this time, but you are looking at 10,000 S.F. and up. If the chamber could partner with another company or organization, then a move into an industrial facility might be possible.

We sincerely hope that you and the Chamber Office Task Force will be successful in your quest to assist the Milpitas Chamber of Commerce in their office relocation.

Sincerely,

Gaye Morando
Executive Manager

City of Milpitas
Chamber of Commerce Office Support By Other Cities
 March 2005

City	Provides Office Space	Helps Fund Office Space	Comments
Campbell	No	Yes	Provides \$10,000 annually
Cupertino	No	No	Provides \$15,000 per year to help with costs associated with the Chamber Directory which is issued annually and acts as an economic development brochure for the city. The Chamber and Rotary co-chair our Mayor's State of the City address and the city provides the community hall for this luncheon at no charge and we waive building/park rental fees for their annual Art and Wine Festival.
Fremont	No	No	No support provided
Gilroy	No	No	\$152,100 to the Gilroy Visitors Bureau (a portion of that is from an increase in TOT about 20 years ago, the rest is from the General Fund) \$108,000 to the Gilroy Economic Development Corporation
Los Altos	No	No	\$4,000 from City to Chamber for general assistance
Los Gatos	No	Yes	Town works closely with chamber on business relations and marketing. Town has an annual contract with Chamber for services, which helps fund office since they provide information services to visitors and businesses (\$28,000 this year). The total contract this year is \$58,800.
Milpitas	No	No	Provides \$10,400 annually for specific contracted purposes. Full amount is not disbursed to Chamber every year because some tasks are not performed.
Mtn. View	No	Yes	The City of Mountain View owns the land and leases it to the Chamber for \$1.00 plus services each year. The Chamber built and owns the building. The services include preparing informational materials and answering inquiries from visitors.
Palo Alto	No	No	No support provided

City	Provides Office Space	Helps Fund Office Space	Comments
San Jose	No	Indirectly	San Jose has one traditional chamber of commerce (San Jose Silicon Valley Chamber of Commerce) and six ethnic Chambers. Most receive financial assistance in exchange for performance. Funding ranges between \$18,000 to \$90,000 per chamber annually. Some ethnic chambers are located rent free in the same building as the Entrepreneur Center. San Jose subsidizes the rent of the Entrepreneur Center.
Santa Clara	No	No	Contracts with the Chamber to run the Convention & Visitors Bureau and to manage the Convention Center.
Saratoga	No	No	Until two years ago, city provided office space. When city began asking for rent the Chamber moved to private office space.
Sunnyvale	Yes	No	Chamber leases space from City at \$1.40 s.f. NNN. City says this is about market rate. In the past City discounted lease to reimburse Chamber for capital improvements completed in past.

2. Economic Development Plan

Kathy Studwell, Applied Development Economics (ADE), overviewed the process of preparing the Appendices and noted that city staff is reviewing the goals, objectives and implementation plan.

The Commission discussed the economic benefits of auto dealers, the sign ordinance amendments, and banquet facilities. Commissioner Peoples suggested that the Commission review the Appendices and bring their comments to the next meeting. He noted he did not have enough time to review the Appendices. The Chairman asked the Commission to forward their comments to staff. Discussion followed regarding the executive interviews. The Chairman suggested that someone should interview palmOne to investigate why they are moving out of Milpitas.

Ms. Studwell described the research methodologies used for high-tech businesses and local-serving businesses.

Motion to review the Appendices and forward questions or comments to staff that will then distribute them to the Commission before the next meeting. M/S: Peoples/Nguyen

The Commission discussed how the recommendations of the subcommittees were incorporated into the draft goals and objectives. Commissioner Songcayawon recommended the Commission focus on the goals and objectives at the next meeting and asked for an updated project schedule. There was consensus that the implementation plan and schedule should be reviewed after the goals and objectives are approved.

Commissioner Songcayawon asked the makers to amend their motion to limit the discussion on the Appendices to 30 minutes at the next meeting. Commissioners Peoples and Nguyen declined to make the amendment.

Ayes: All Absent: Black

~~3. Chamber Office Task Force~~

Commissioner Peoples distributed his cover memo to the staff report and reviewed its major points. Ms. Maxwell summarized the Task Force's report. Commissioner Peoples suggested that the church at the corner of N. Main and Weller Streets be considered as a location if the City acquires it. Commissioner Songcayawon reported that the City of San Jose provides funding to their local Chamber of Commerce and ethnic Chambers of Commerce. Chairman Brahmhatt indicated that the City of Fremont also provides funding for their Chamber.

Discussion followed regarding the City's current funding and future possible funding to the Milpitas Chamber of Commerce and the potential use of revenue generated by the Transient Occupancy Tax.

Tom Valore, Milpitas Chamber of Commerce, clarified that the Chamber does not actually get all the money budgeted by the City because some contracted tasks are not performed. He emphasized that the Chamber wants to be self-sustaining and is not looking for an ongoing subsidy. Commissioner Peoples asked that the Task Force meet with the Chamber before the next Commission meeting to get clarity on funding needs. Commissioner Songcayawon suggested an alternative short-term office location on the second floor of a commercial building at Corning and S. Main Street. Mr. Valore noted that it appears the Chamber may not have to move by April 1.

Motion to extend the meeting beyond 8:00 p.m. M/S: Brahmbhatt/De Smidt
Ayes: All Absent: Black

4. Library Name

Ms. Maxwell overviewed the matter of naming the new Milpitas Library and asked for a recommendation to the City Council. Chairman Brahmbhatt stated that the library name should reflect Milpitas and suggested the name "Ford" be considered and the business be requested to donate to the building. Commissioner Peoples noted that the library name should reflect the City's image from an economic development perspective. Commissioner De Smidt suggested that the rooms in the library could be named. Discussion followed regarding the historical significance of the new library location.

Motion to recommend the City Council call the new facility the Milpitas Library and consider naming rooms in the library after significant individuals like Dr. Martin Luther King, Jr. and Cesar Chavez.

M/S: Maglalang/Songcayawon

There was discussion regarding the appropriateness of naming the library meeting rooms at this time.

Commissioner McDonough suggested that the motion be amended to only address the library name and not the naming of rooms.

Motion amended to recommend the City Council call the new facility the Milpitas Library.

M/S: Maglalang/Songcayawon

Ayes: All Absent: Black

VIII. New Business

5. Economic Development Manager

Chairman Brahmbhatt indicated that he thought it would be appropriate for the Commission to provide input on the job description for the Economic Development Manager recruitment. Commissioner Peoples suggested a task force be formed because there wasn't time to pursue this item tonight. Ms. Maxwell clarified the position title, indicating that it was not a department head position and that there would be a cost to ask ADE to prepare a job description. She also explained that the City Manager is the hiring authority for the recruitment.